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Rewald Is Found Guilty; 480-Year Term Possible

Convicted of Fraud, Tax Evasion and Perjury

By Charles Memminger
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Ronald Rewald woke up in the Oahu Community Correctional Center this morning convicted of 94 counts of mail and securities fraud, tax evasion and perjury.

It took more than two years for the 43-year-old would-be investment counselor and self-appointed CIA agent to make his trip from fast cars, hot women and executive suites to the cell-block.

Rewald had combined the teachings of Charles Ponzi and the dreams of Walter Mitty to forge his own version of the American dream. He claimed that the CIA wanted him to live an extravagant lifestyle made up of polo, ranches, mansions and indoor waterfalls in order to rub elbows with international businessmen.

He took \$22 million from 400 investors with lies and promises, not because he wanted to, but because of his CIA mission, Rewald claimed.

But at 2:15 p.m. yesterday, in a courtroom called "Aha Kuponu," which means "justice," a federal court jury said it did not believe Rewald's grand claims. It took the jury only 2½ days, or about 15 hours of deliberation, to reach its verdict.

The dream was over.

REWALD DID NOT look at the jury or U.S. Judge Harold Fong as the verdict was read. He showed no emotion as Fong pronounced him guilty of 94 of 98 counts. The jury acquitted him of four of the more obscure counts relating to Rewald's assurances to four people that their investments were insured by the Federal Deposit Insurance Corporation.

There was no documentary evidence to go with those counts and the jurors couldn't remember the testimony related to the charges. In a trial that spanned 11 weeks and included some 140

witnesses, one juror said he "couldn't even remember if they (the four witnesses) showed up."

The jury found that Rewald had lied about the extent of his CIA connections, that he had deliberately stolen money from widows, a blind man, an invalid and others left destitute.

Rewald faces a maximum of some 480 years in prison and more than \$1 million in fines when he is sentenced on Dec. 9. Federal Public Defender Michael Levine asked Fong to let Rewald remain free on bail pending the sentencing.

Fong declined.

HE SAID REWALD had taken part in a "systematic plan to take advantage of persons through his charm and ability to communicate with the aged and handicapped."

Fong said it will be up to Rewald's attorneys to prove that Rewald will not flee if allowed to be free pending sentencing or appeal. They also will have to show that Rewald is not a danger — including an economic one — to the community.

Fong told the jury he thought "there was more than sufficient evidence to sustain" the guilty verdict.

Assistant U.S. Attorney John Peyton said he would fight any attempt by Rewald to go free pending appeal. He told the judge that the government would produce evidence showing that Rewald convinced people to give him money even while awaiting trial.

"What we can say is that we are in possession of information that Mr. Rewald was able to come into possession of substantial sums of money while he was out on bond," Peyton said outside of court.

Reaction to the verdict was predictable. Government attorneys congratulated each other for the win. Rewald's attorneys vowed to continue to fight.

"MR. REWALD WAS the consummate con man who almost got away with it," Peyton told a gaggle of news reporters outside court.

He said the CIA should have learned a lesson from Rewald.

"The lesson is to be a little more careful and don't be quite as trusting as you might have been of a fellow like Mr. Rewald, who's a very smooth talker," Peyton said.

Peyton said he was sure the expense of the trial was high, but said "I'm sure it was justified based on the ability of Mr. Rewald to pull off a crime of this magnitude."

Thomas Hayes, administrator of Rewald's bankrupt company, said he thought the trial had a predictable conclusion.

"IT WAS THE only fair outcome as far as investors are concerned," Hayes said.

Hayes has a multimillion-dollar bankruptcy claim against the CIA but said nothing came out in trial that will really help that claim.

Hugh Fraser, who led a group of fellow investors to U.S. Bankruptcy Court days after BBRD&W collapsed to force the company into bankruptcy, also said he is not hopeful that investors will be able to recoup any of their losses from the CIA.

"I would be happy to be proven wrong," he said. "But from the beginning, I didn't believe any (substantial) CIA involvement existed."